

Community Development Commission

October 28, 2009

TO: Each Supervisor

FROM: Sean Rogan, Executive Director



SUBJECT: UPDATE ON THE PURSUIT AND IMPLEMENTATION OF FUNDING MADE AVAILABLE IN H.R. 1, THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009

On March 31, 2009, the Board of Supervisors requested that the Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA) report on the efforts to apply for, or take the necessary steps to accept, each category of funding contained within ARRA that the CDC/HACoLA is eligible to receive, either by formula or by competitive grant application. This memorandum contains the most updated information pursuant to that request. An ARRA fund tracking chart has been added to this memo to assist in the tracking of these grants.

ARRA Funding Opportunities

Public Housing Capital Fund (CF) - See funding amounts below.

Both formula and competitive funding grants are available for the CF in ARRA. The funding is available for the capital and management needs of public housing agencies (PHAs), except that the use of funds cannot be for operations or rental support. There is a 10% administrative cap on the formula funds; however, we have only budgeted for \$100,000.

Formula Grant - \$7,401,512 (by formula)

Applying for the Funds: The U.S. Department of Housing and Urban Development (HUD) published a Notice of Funding Availability (Notice) for the CF formula funds on March 18, 2009. On March 31, 2009, the Board of Commissioners approved a motion to accept the grant funds, and funding became available to the HACoLA on May 14, 2009.

Using the Funds: The funds are being used for security improvements, energy efficiency work measures, preventive maintenance, and general improvements at 12 public housing developments comprised of 2,500 public housing units.

Funding & Expenditure Levels: Of the \$3 billion made available nationally, HUD granted \$7.4 million by formula to the HACoLA. As of October 21, 2009, the HACoLA had expended \$1,246,742.81 of the \$3,164,954.08 obligated. The HACoLA must obligate 100% of the funds within 1 year, expend 60% of the funds in 2 years, and complete 100% of the fund expenditures in 3 years.

Competitive Grant - (Of the total \$995 million available, the HACoLA has applied for \$22,399,000.)

Applying for the Funds: On June 3, 2009, HUD issued an update to the CF competitive funds Notice originally published on May 7, 2009. In this, HUD altered the eligibility requirements which ultimately led to the HACoLA's pursuit of funding in the following categories.

On June 22, 2009, the HACoLA applied for \$16,475,000 in funding from the following 2 funding categories.

- Improvements Addressing the Needs of the Elderly and/or People with Disabilities (\$9,235,000) - To improve public housing units for the elderly and/or people with disabilities, and/or to create community facilities for the delivery of supportive services.
- Public Housing Transformation (\$7,240,000) - To transform distressed public housing projects in low poverty neighborhoods through new construction or rehabilitation.

On July 21, 2009, the HACoLA applied for \$5,924,000 in funding from the following funding category.

- Creation of an Energy Efficient Green Community - To facilitate transformational energy efficient and "green" retrofits to substantively increase energy efficiency and environmental performance.

Using the Funds: The HACoLA was only awarded funding in the 'Creation of an Energy Efficient Green Community' category. Resources will be used at the Nueva Maravilla housing development to reduce energy costs, generate resident and PHA energy savings, and reduce greenhouse gas emissions attributable to energy consumption.

Funding & Expenditure Levels: HUD granted approximately \$995 million nationally by competition between all categories. Notification was received on September 23, 2009 that the HACoLA was awarded \$5,924,000 in the 'Creation of an Energy Efficient Green Community' category. There are no expenditures to date as the HACoLA has not received the funding. Once obtained, 100% of the funds must be obligated within 1 year of the date in which funds become available for contracts. HUD requires the HACoLA to use at least 60% of the funds within 2 years and 100% of the funds within 3 years.

Community Development Block Grant (CDBG) - \$8,080,528 (by formula)

HUD granted CDBG ARRA (CDBG-R) funding by formula. Eligible uses of the funding align with the existing CDBG program. In this, local governments can undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing, and create economic opportunities, mainly for people of low- and moderate-income. There is a 10% administrative cap on the use of CDBG-R funds.

Applying for the Funds: Although HUD released the formula grant in February of 2009, HUD did not release the Notice for CDBG-R funding until May 5, 2009. The CDC submitted an amendment to the CDBG Program Year 2008 Action Plan (as required by ARRA) on June 5, 2009, after receiving approval from the Board of Supervisors (Board) on June 2, 2009. The CDC received the Grant Agreements on August 26, 2009.

Using the Funds: During June and July 2009, the CDC worked with participating cities and Supervisorial Districts to identify eligible funding uses under CDBG-R. The CDC was expecting to present the projects to the Board for approval on July 21, 2009, but was stalled due to an initial review by HUD, which flagged approximately 7 projects related to recreational activities. According to HUD, only ADA improvement projects at park facilities will be allowed under ARRA. In light of the change, the CDC worked with the agencies affected by this regulation and submitted a revised list of projects for approval to HUD on August 13, 2009, and the Board on August 18, 2009. Both HUD and the Board approved the revised list of projects for the CDC's CDBG-R Program. Most of the contracts have been executed and some projects have been implemented. Reporting requirements have been met.

Funding & Expenditure Levels: Of the \$1 billion made available nationally, HUD granted \$8 million by formula to the CDC for the CDBG-R program. The CDC must use the entire grant of CDBG-R funds by September 30, 2012. The CDC must report on the number of jobs created and maintained, if applicable, as well as the regular CDBG accomplishments and performance measures for the program. As of October 26, 2009, the CDC had expended \$14,420.

Neighborhood Stabilization Program 2 (NSP2) - (Of the total \$2 billion available, the CDC has applied for \$61 million.)

HUD will grant NSP2, numbered because it is the second round of NSP funding (the first was through the Housing and Economic Recovery Act of 2008), by competition. Allowable uses include acquisition, disposition, direct homeownership support, housing rehabilitation, clearance (for blighted structures only), new housing construction, and housing counseling. There is a 10% administrative cap on use of NSP2 funds.

Applying for the Funds: HUD released a Notice for NSP2 competitive funding on May 7, 2009. On July 10, 2009, the CDC submitted an application for \$61 million to continue the Housing and Economic Recovery Ownership program (HERO) and Rental Infill Sites activities.

Using the Funds: The CDC will use NSP2 funding, if awarded, to supplement its NSP1 program, which includes the HERO program and Rental Infill Sites activities for tenants below 50% of the area median income (AMI).

Funding & Expenditure Levels: HUD has made \$2 billion available nationally by competition. All selected applicants will be notified by December 1, 2009. Once the funds are received, 50% must be used within 2 years, and 100% in 3 years. There are no expenditures to date as this grant has yet to be awarded.

Homelessness Prevention and Rapid Re-Housing Program (HPRP) - \$12,197,108 (by formula)

HUD granted HPRP funding by formula. Eligible uses include financial assistance, housing relocation and stabilization services, data collection and evaluation, as well as administration. There is a 5% administrative cap on the use of HPRP funds.

Applying for the Funds: HUD released a HPRP formula funding Notice on March 19, 2009. The CDC completed the application and the Board approved submittal to HUD at their April 28, 2009

meeting. The CDC submitted a completed application to HUD on May 18, 2009, and was subsequently approved in June. Trainings on reporting, program monitoring, and general implementation were held for the applicable County departments on August 19, 2009, and the CDC received the Grant Agreements on August 20, 2009.

Using the Funds: The HUD regulation requiring that all contracts be executed by September 30, 2009, has been met. Implementation began on October 1, 2009. Reporting requirements have been met.

Funding & Expenditure Levels: Of the \$1.5 billion made available nationally, HUD granted \$12.1 million by formula to the CDC. HUD requires that 60% of the funds be used within 2 years, and 100% in 3 years. Contracts with all County Departments have been executed and programs are underway. Referrals are handled by 211 and the Los Angeles County Resource Center, <http://housing.lacounty.gov>. As of October 26, 2009, the CDC had expended \$29,507.

Green Retrofit Program for Multifamily Housing - (Of the total \$2 billion available, the HACoLA has applied for \$2.26 million.)

HUD will award funding for the Green Retrofit Program for Multifamily Housing through loans and grants. Up to \$15,000 is available for each residential unit (with an expected average of \$10,000 for each unit) to reduce energy costs (more efficient heating and cooling systems), and water use (low-flow faucets and toilets). Also, funds can be used to improve indoor environmental quality (low-VOC products), and provide other environmental benefits (materials with recycled content, such as reflective roofing to reduce heat-island affects). There is no administrative cap.

Applying for the Funds: HUD released a competitive funding Notice on the Green Retrofit Program for Multifamily Housing on May 13, 2009. On June 15, 2009, the HACoLA submitted 2 applications, one for funding for the Kings Road site requesting \$1.06 million, and one for funding for the Lancaster Homes site requesting \$1.2 million. As previously reported, these applications were initially flagged by HUD and prevented from moving forward due to the issues associated with the Ujima Village site. However, HUD has subsequently released the restrictions and both applications were resubmitted by August 28, 2009.

Using the Funds: The HACoLA plans to continue pursuing funding for the modernization and rehabilitation of the Kings Road and Lancaster Homes developments.

Funding & Expenditure Levels: Of the \$250 million made available nationally by competition, the HACoLA applied for \$2.26 million. If granted funding, the HACoLA expects to begin making improvements immediately following, as all work must be completed within 2 years. There are no expenditures to date as this grant has not been awarded.

Juvenile Justice and Crime Prevention Act Program (JJCPA)/Edward Byrne Memorial Competitive Grant Program - (Of the total \$225 million available, the CDC has applied for \$974,283.)

The U.S. Department of Justice (DOJ) will grant Edward Byrne Memorial Competitive Grant Program funding by competition. This funding is available to aid state, local, and tribal

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jurisdictions in improving the criminal justice system, providing support to victims of crime (other than by compensation), and supporting communities in preventing drug abuse, as well as crime. In addition, ARRA allows Byrne Memorial Competitive Grant funding for "youth mentoring grants." The CDC seeks a 10% administrative allowance.

Applying for the Funds: The CDC submitted an application on April 27, 2009, and may be 1 of several County Departments applying for these funds.

Using the Funds: Had the CDC been awarded, the funds would have been used to support existing JJCPA programs.

Funding & Expenditure Levels: Of the \$225 million made available nationally by competition, the CDC applied for \$974,283. The CDC was not a recipient of this funding.

If you have any questions, please contact me at (323) 890-7400, or Terry Gonzalez, Director, CDBG Division, at (323) 890-7150.

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H:\SH\1 Legislation\1 Congress\Laws - Bills Passed\HR 1- American Recovery & Reinvestment Act 2009 (ARRA)\4 Monthly Board Report on Fund Spending\091030\091028 ARRA Board Update.doc

Attachment

c: Each Deputy
Lari Sheehan, Deputy Chief Executive Officer, Chief Executive Office
Ellen Sandt, Deputy Chief Executive Officer, Chief Executive Office
Jackie White, Deputy Chief Executive Officer, Chief Executive Office
Sachi A. Hamai, Executive Officer/Clerk Board of Supervisors
Lisa Rizzo, Principal Analyst, Chief Executive Office
Scott Wiles, Special Assistant, Chief Executive Office
Jenny Serrano, Program Specialist, Chief Executive Office

The CDC/HACOLA
American Recovery and Reinvestment Act of 2009 (ARRA) Proposal and Award Tracking Chart
As of October 28, 2009

ARRA GRANT OPPORTUNITY	FUNDING AGENCY	FORMULA AMOUNT/ \$ APPLIED FOR	AMOUNT AWARDED	GRANT AGREEMENT*
1 Capital Fund (formula)	HUD	\$7,401,512	\$7,401,512	Yes
2 Capital Fund (competitive) - Disabilities Category	HUD	\$9,235,000	Did Not Receive	No
3 Capital Fund (competitive) - PH Transformation	HUD	\$7,240,000	Did Not Receive	No
4 Capital Fund (competitive) - Green Technology	HUD	\$5,924,000	\$5,924,000	No
5 Community Development Block Grant - Recovery	HUD	\$8,080,528	\$8,080,528	Yes
6 Neighborhood Stabilization Program 2	HUD	\$61,000,000	Pending	No
7 Homeless Prevention and Rapid Re-Housing Program	HUD	\$12,197,108	\$12,197,108	Yes
8 Green Retrofit Program for Multifamily Housing	HUD	\$2,260,000	Pending	No
9 Edward Byrne Memorial Competitive Grant	DOJ	\$974,283	Did Not Receive	No
Total Awarded Under ARRA as of 10/28/2009		\$33,603,148		

**Grant Agreement Received – Funds available for drawdown at U.S. Treasury.*